

KNOW YOUR PENSION

Frequently-Asked Questions



by

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BCPVPA

BCPVPA members are members of the Teachers Pension Plan (TPP), along with our educator colleagues in public sector education: Teachers, Directors of Instruction, Assistant/Associate Superintendents, and Superintendents.

We strongly encourage BCPVPA members to be engaged in their pension plan, regardless of their age or where they are in their career journey. At the BCPVPA office, we often field questions about retirement and pension. Here are some answers to frequently-asked questions.

Am I able to retire before age 65? If so, what are the implications for my pension?

You are eligible to retire at the age of 55, but with a reduced pension. Every year before attaining the age of 61, or 35 years of pensionable service, you will incur a 4.5% penalty per year on your pension and bridge benefit. Your annual pension statement will indicate the earliest date of retirement with a reduced pension, as well as the earliest day you can retire with an unreduced pension. You must begin taking your pension at the age of 71 even if you are still working.

What is the bridge benefit?

The bridge benefit is a temporary monthly payment made to retirees until they attain the age of 65. It was designed to augment pensions until members were eligible to receive their Canada Pension Plan (CPP) pension benefit.

The bridge benefit was discontinued in 2018, so members who paid into the TPP prior to 2018 will note that their bridge amount has not changed since 2018; members new to the profession in BC since 2018 do not have a bridge benefit.

What are the pension options I can choose from?

Single life

You can choose this option if you are single, OR if your spouse has waived their right to the minimum 60% joint pension. If you are single, it is the only option you can choose.

With the Single Life option, you can choose a lifetime

monthly pension payment with no 'guarantee', or with a 'guarantee' period of either 5, 10, or 15 years.

Single life without a guarantee:

This option provides the largest amount of pension available. However, no income or protection is provided to anyone other than you. Payments would cease once you die.

Single life with a guarantee:

This option allows you to name a beneficiary for a designated period after your death.

Joint life:

This option is available to you if you have a spouse. It guarantees a monthly pension for both your lifetime and your spouse's lifetime. If you die before your spouse, they would receive your monthly pension – or a portion of your monthly pension – for the remainder of their life. You must choose at least 60% for your spouse unless they waive this legal requirement.

Joint Life Options

100% joint life:

Your full lifetime monthly pension payment will continue to your spouse for their lifetime.

A joint life of less than 100%

- You can choose any percentage that you wish. Your statement will show the options of a few specific percentages, but you can choose any percentage to 99%. The percentage you choose is the percentage of your pension that your spouse will receive for the remainder of their life if you die before them.

- A 'guarantee' option is also available with a joint life option of less than 100%.

What does it mean to name a 'guarantee' on my pension?

You may choose a 5, 10, or 15-year guarantee on your pension that you assign to one or more beneficiaries. This ensures that if you pass away during that specified time, the beneficiary will receive your full pension. For example, if you choose a 10-year guarantee and pass away after four years, your beneficiary will receive your full pension for the six remaining years of the guarantee period. A guarantee can be combined with either a single or joint life pension.

I have grand plans for the first years of my retirement. Is there a way to receive more money up front to help pay for those expenses?

Many people plan to pay off existing expenses or travel in their first years of retirement, and may wish for a higher monthly income from their pension to help with those costs. You can purchase a 'temporary annuity' which can be added to either a single life or joint life pension. You are basically front-end loading your pension, whereby you will receive a larger benefit payment each month until the age of 65, and a smaller monthly payment from age 65 onward. On the TPP online pension calculator, you can see how purchasing a temporary annuity will affect your lifetime pension.



How much notice do I need to give my district prior to retiring?

It is recommended that you read your employment agreement carefully to see what is specified regarding notice of retirement. It is commonly 90 days / 3 months. Once you have committed to retire, your school district will alert the TPP of your intention, and you then complete your application for your pension online no more than 90 days prior to – and no later than 30 days before – your targeted retirement date. You can alternately submit a paper application 90 days in advance. For more information about the application process, visit tpp.pensionsbc.ca/an-overview-of-the-pension-application-process.

What if I choose a pension option, but realize it was not the right choice?

It is always best to take time to carefully consider which options will work best for you, but after you receive your letter of acceptance from the TPP, you have 30 days to make a change to your pension option. You are eligible to make changes to your designation of beneficiaries after 30 days, but cannot make changes to the kind of pension you have chosen or the guarantees or annuities.

Am I able to name more than one beneficiary?

Yes, you may name more than one beneficiary. You may only name your spouse as the beneficiary of a joint life pension, but you may name more than one person as the beneficiary of a guarantee. Please read the helpful section on the TPP website about naming beneficiaries: tpp.pensionsbc.ca/beneficiaries

I am currently on Long-Term Disability. How does that impact my pension?

As our Long-Term Disability (LTD) plan is recognized by the TPP, members on LTD continue to accumulate pensionable and contributory service in the pension plan just as when you were working. Neither you nor your district will make financial contributions to your plan while you are on LTD. Some members retire out of LTD if they are unable to return to work. Please refer to this link for further information on LTD and your pension: tpp.pensionsbc.ca/long-term-disability-benefits-and-your-pension

When I retire, will my current benefits with PBC continue?

TPP has brokered an extended medical and dental plan for TPP members with Green Shield, but members may sign up for any plan they choose. One important thing is that you have continuous coverage prior to starting a plan after retirement. Having a break in coverage can potentially result in higher-than-expected premiums in retirement. tpp.pensionsbc.ca/retirement-health-coverage

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What is the difference between Contributory Service and Pensionable Service?

Pensionable Service: This is your actual working time – how many full-time equivalent (FTE) years you spend working and contributing as a member of the TPP. If you took a leave of absence during your employment, it will be reflected in your pensionable service. This is the number used to calculate your pension.

Contributory Service: This is the number of years you (and/or your employer) have made contributions to the TPP. It started the day you were first employed and contributing, and ends with retirement, including time you were on approved leaves such as maternity leave.

I was previously married. What right does my ex-spouse have to my pension?

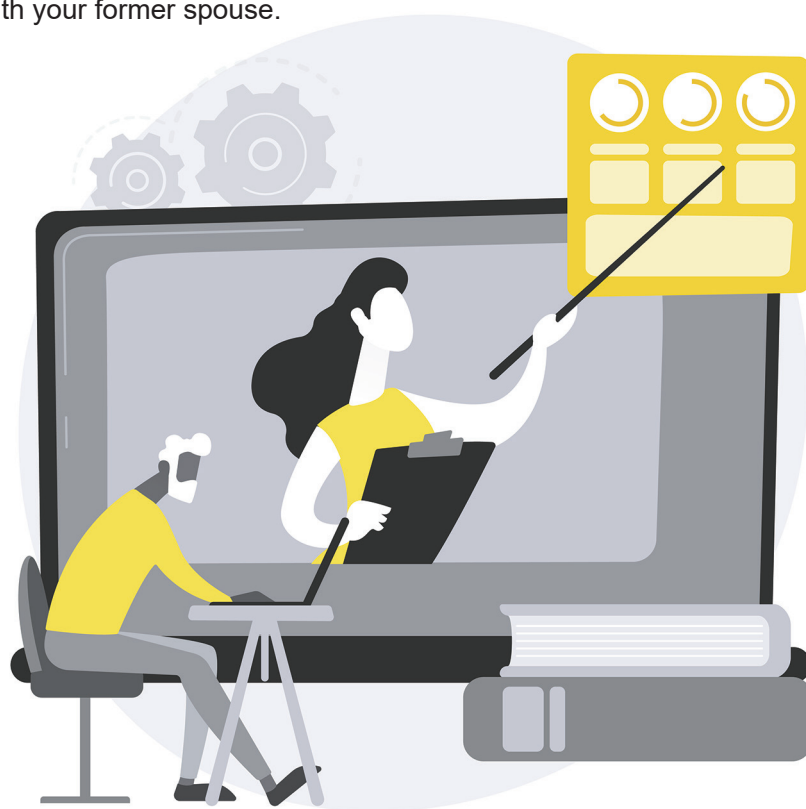
Unless you have legal documentation stating that your previous spouse has relinquished their claim to your pension, they are entitled to 50% of the pension you earned while you were together. Anything you accrued after your documented separation does not have to be split with your former spouse.

Can I work again after I retire?

Yes, *but...*

You cannot work for a TPP employer (for example, a school district) for at least the first 30 days of retirement (or until you receive your first pension payment). If you do, you will not be considered retired by the TPP, and this would impact your eligibility for pension payments.

If you return to teaching or administration at a later date, ensure that your employer knows you are retired so that they do not accidentally deduct pension contributions from your pay. You are not able to start paying into the pension plan once you have started collecting your pension.



Am I allowed to have a second pension plan?

If you take on a non-administrative or teaching job after retirement, and your new employer offers a pension plan different from the TPP, you may be eligible to contribute to that plan. It does sometimes happen that a retired member takes on work with another employer, and is later able to also collect from a second pension plan (for example, a Municipal Pension Plan).

I'm young and years away from retirement. What should I consider?

You will want to consider ensuring that you are maximizing your pension. There are some options that might be helpful.

Buying back service: Members who have been on a leave of absence may be eligible to buy back pensionable service, provided they apply to buy-back within five years of the leave of absence. It can also be possible to pay for this in installments rather than in one lump sum. Buying back service can increase your pension payments in retirement.

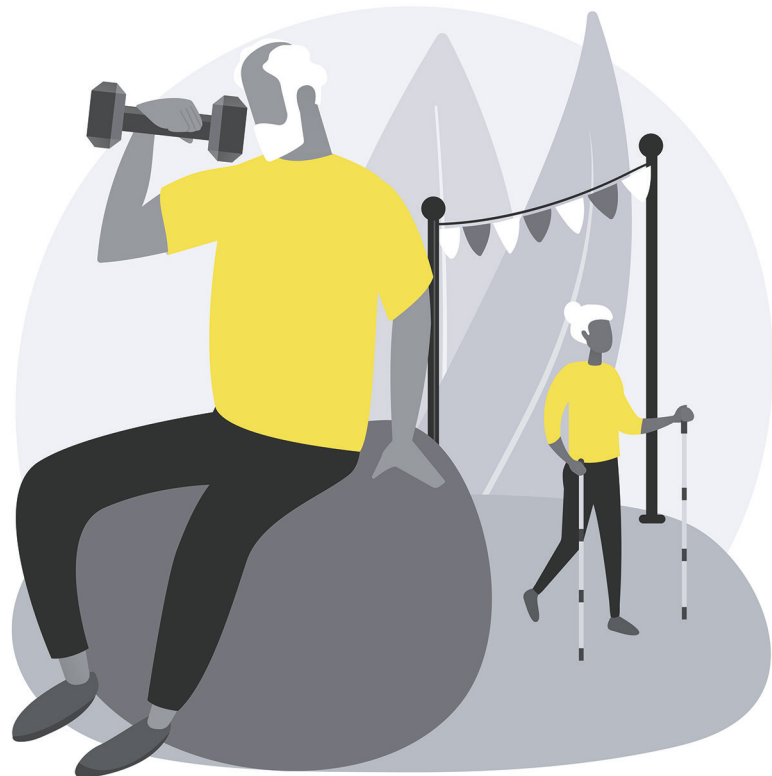
tpp.pensionsbc.ca/submit-a-form-to-buy-service

Child Rearing Credit: Members may be eligible for the Child Rearing Credit if they took time off work to raise a child under the age of seven.

tpp.pensionsbc.ca/submit-a-form-to-claim-a-child-rearing-credit

I still have questions. Where should I go?

- The TPP website is an excellent resource and has very a good online search tool. We always recommend that members search for information directly from the TPP when possible. tpp.pensionsbc.ca
- The BCPVPA Member Support Services team offers workshops on retirement and pension throughout the year. Information is posted in the weekly e-news and on the BCPVPA website. We encourage you to attend!
- We encourage you to log in to the 'My Account' section of the TPP website. From there, you can access your personalized statements and estimates for various pension options and retirement dates.
- For specific questions about your personal pension account, contact the TPP through their online messaging system or phone 1-800-665-6770



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